GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2916
ANSWERED ON:15.03.2001
EAST WEST AIRLINES DEAL WITH IOC
PUTTASWAMY GOWDA;SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether attention of the Government has been drawn to the news item captioned `Indian Oil Ko Sava Krore Ke Chapat Lagai` appearing in the Rashtriya Sahara dated January 2, 2001;

(b) if so, the manner in which this loss has been caused to the Government by the East West Airlines;

(c) whether the Government have conducted any enquiry in this regard;

(d) if so, the outcome thereof; and

(e) the action taken/proposed to be taken against the guilty persons ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) : Yes, Sir.

(b) : M/s. East West Airlines was allowed by the Indian Oil Corporation (IOC) interest free credit equivalent to 21 days sale value against Bank Guarantees. For outstanding amounts beyond the approved credit limit, interest at the bank rate plus 2% was charged as per long term contract signed with the airlines. The East West Airlines defaulted payment and about Rs. 2 crores including interest is due from them to the IOC.

(c)to (e):IOC has filed a suit No.2992 of 1999 before the Mumbai High Court for the recovery of the dues.The IOC has also filed a criminal case with the CID which was later on transferred to the CBI, who arrested various officials of the airlines including its Directors. The matter is subjudice.